

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

BIB 3114 – ISLAMIC BANKING

(All sections / Groups)

5 MARCH 2020

2.30 p.m. - 4.30 p.m.

(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 3 pages with 4 Questions only.
2. Answer all questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please print all your answers in the Answer Booklet provided.

Question 1 (25 Marks)

- (a) Aqad is an Arabic word for contract, which means 'to bind' or 'to strengthen'. Explain the four features of Islamic finance contract. (13 marks)
- (b) Similar to conventional bank, Islamic bank also provide deposit account to its customer. Briefly explain the mechanism for Mudharabah deposits. (12 marks)

Question 2 (25 Marks)

- (a) To some people, it appears that the financing based on Al-Bai' Bithaman Ajil (BBA) is similar to conventional, interest-based financing. However, there are some differences between the former and the latter. Briefly explain 4 differences between BBA and conventional financing. (16 marks)
- (b) Explain and illustrate with a diagram, the process of operating lease with customer as agent. (9 marks)

Question 3 (25 Marks)

- (a) What is meant by Bai' Salam and in what transaction Bai' Salam principle is being used? Show the example with a diagram. (5 marks)
- (b) Explain with a diagram, the transaction using Bai' Salam principles for Ahmad who sold two tons of palm oil to the bank for RM10,000 per tons and the bank sell it to the market at RM15,000 per tons. (12 marks)
- (c) Explain two differences between conventional letter of credit and Murabahah letter of credit. (8 marks)

Continued...

Question 4 (25 marks)

- (a) The branches of Islamic Bank are required to supply the balance of the accounts in their daily or weekly reports. To comply with this requirement, you are required to calculate the monthly daily average balance of customers' deposit using the following information:

Date	Daily balances (RM million)
1	12.91
2	10.29
3	11.29
4	12.92
5	12.39
6	14.29
7	12.90
8	12.49
9	19.29
10	17.29
11	12.29
12	12.91
13	12.29
14	16.29
15	12.90
16	12.91
17	12.91
18	12.91
19	11.29
20	11.29
21	11.29
22	17.29
23	12.29
24	12.91
25	12.29
26	16.29
27	12.90
28	11.29
29	11.29
30	17.29
31	12.29

What is the monthly daily average balance for this bank?

(4 marks)

Continued...

- (b) Assuming the CD Pool of Profit for the month is RM9.2 million and Total Weighted Proportion of Profits is RM880.145 million. Calculate for the depositor and banks for savings and both investment accounts the:

- (i) Weighted Proportion of Profits (RM) for each deposit. (3 marks)
 (ii) Distribution of Profits (RM) for each deposit. (6 marks)
 (iii) Profits for Depositors (RM). (6 marks)
 (iv) Profits for Banks (RM). (6 marks)

Distribution of Gross Revenues Attributable to Depositors and the Bank

Types of Deposit	Monthly Average Daily Balance (RM million)	Weight	Proportion for Depositors	Proportion for Bank
Savings	311.5	1.00	0.5	0.5
Investment				
1 month	72.14	0.80	0.70	0.30
3 months	124.16	0.85	0.70	0.30

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